



Annual Report 1974
DYLEX

DYLEX

Highlights (1) (thousands of dollars)

Operating Summary (2)

	1974	1973
Sales	133,527	106,081
Earnings before extraordinary item	4,466	3,781
Net earnings	4,466	3,923

Per Share Results (2)

Earnings before extraordinary item	\$0.77	\$0.65
Net earnings	\$0.77	\$0.67

Financial Position

Working capital	17,848	12,001
Long-term debt	7,481	5,098
Shareholders' equity	29,934	23,264
Current ratio		
—including Dylex Acceptance	1.63:1	1.38:1
—excluding Dylex Acceptance	1.69:1	1.50:1
Shareholders' equity: debt ratio	4.00:1	4.56:1

(1) For the years ended Saturday closest to January 31, of each year.

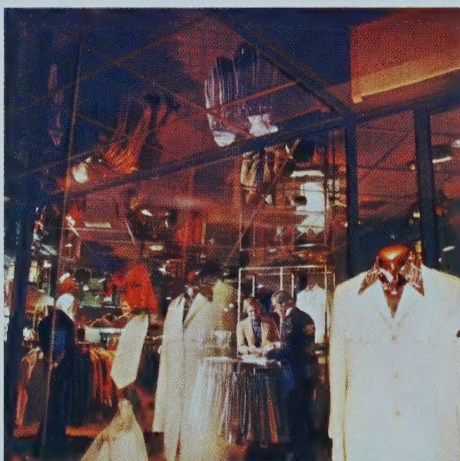
(2) 1973 results exclude Modern Home Products divested February 5, 1973.

Corporate Definition

Dylex is Canada's leading specialty merchandiser of clothing and apparel. With its nearly 200 stores throughout the country, the company appeals to a broad cross-section of the community. The stores have established strong public acceptance through well-known trade names such as Fairweather, Big Steel, Braemar, Tip Top, Harry Rosen, Thrifty's, Family Fair—each directed towards a specific demographic group and specializing in a narrow line of merchandise but offering a wide assortment within this line.

Dylex manufactures women's and children's coats and dresses marketed under such well-known brand names as Young Canadian, Manchester, Junior Deb, Irving Posluns, Pic Knit and Nu Mode. Men's suits are produced under private labels and under the Botany and Johnny Carson brand names.

Overall, the Dylex merchandising approach enables the company to achieve economies of scale and extensive market distribution.



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PRESIDENT'S MESSAGE

To our Shareholders

During the past fiscal year the company devoted its efforts solely as a specialty merchandiser of clothing. The results for the year were gratifying, with substantial growth in sales and earnings. This was achieved despite the high costs of the extensive store opening program.

Consolidated sales for the fiscal year ended February 2, 1974 rose to \$133.5 million from \$106.1 million a year ago; an increase of \$27.4 million. Profits increased to a record level of \$4.5 million or 77 cents per share from \$3.8 million or 65 cents.

We draw the attention of shareholders to two important changes in our financial statements. First, we have removed the goodwill item, previously recorded in the balance sheet, by means of a one-time charge to retained earnings. Details of this change are stated in the notes to the financial statements. Second, the accounts of our wholly-owned subsidiary Dylex Acceptance Corporation Limited have been shown fully consolidated into our balance sheet.

Operations

The company added a net total of 61 stores to its specialty retail chains, bringing the total number at year-end to 195. The net addition of 401,000 square feet of store space gives the company a current total of 1,252,000 square feet of selling area.

Included in this expansion were the acquisition of a 12-store Prairie chain of pant stores for our "Thrifty's" division and three Jer-

maine's stores in Vancouver for the Fairweather division. This added significantly to the company's western Canadian position.

The performance of Family Fair division was unsatisfactory because of market conditions and the rapid rate of expansion in that division. Steps have been taken to rectify the situation and establish a basis for a return to a breakeven position in 1974. No significant expansion of this division is planned in the near term.

Although our large store opening program gives rise to higher short-term costs for management development, start-up, pre-opening expenses and inventory investment, we view this as necessary in order to obtain representation in the large regional shopping centres presently opening across the country.

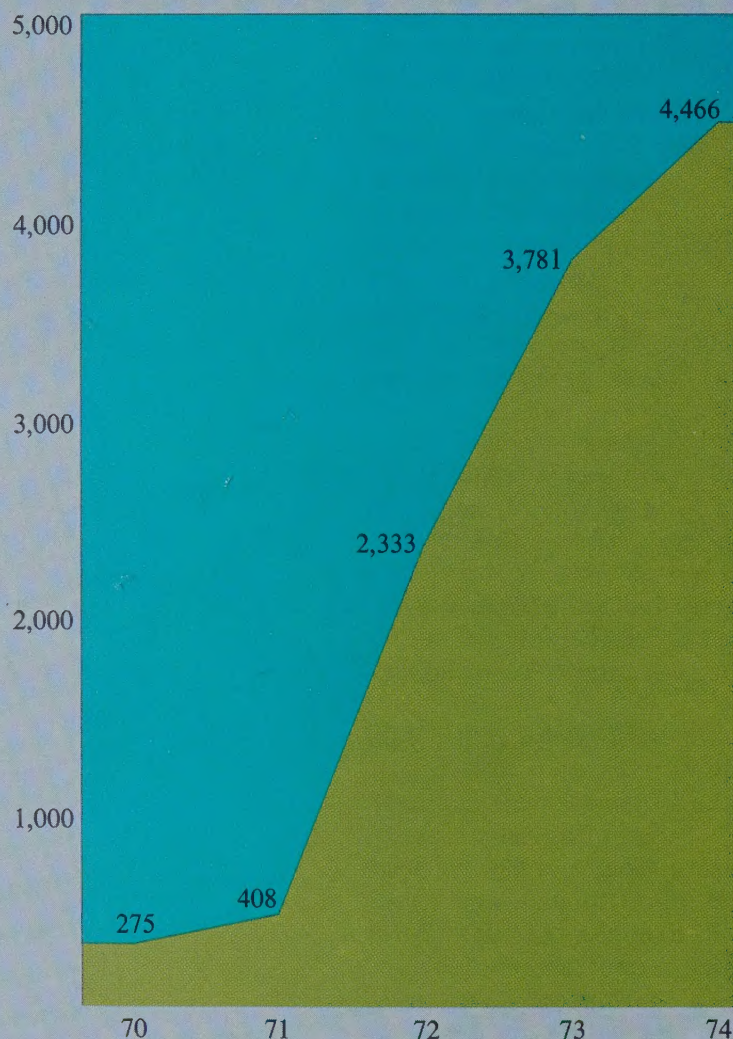
Your company also enjoyed a highly successful year in its soft goods manufacturing operations, achieving increased sales and profitability. Currently, construction is under-way on a new facility for the Manchester division at Colebrook, N.H., to supply the giant U.S. market for children's coats.

In August, Dylex together with the Grafton Group Limited and the Mylord management acquired Forsyth Trading Company Limited of Kitchener, Ont., and Mylord Shirt Manufacturing Limited and Blue-stone Shirt Company Limited of Toronto. Each partner retains a one-third interest in the merged companies, which form the nation's largest manufacturer of shirts and accessories.

**EARNINGS BEFORE
EXTRA ORDINARY ITEM(1)**
(thousands of dollars)

(Excluding Modern Home Products divested February 5, 1973)

(1) For the years ended Saturday closest to January 31 of each year.



Classification Dominance

Dylex' performance and potential as the nation's leading fashion apparel merchandiser was recognized in a recently published in-depth study of the Canadian retail industry by Professor Douglas J. Tigert of the Faculty of Management Studies at the University of Toronto. Professor Tigert noted that the company's commitment to "classification dominance" offers the consumer a wider degree of choice in specialized lines, while continuing to emphasize quality and value.

Your company's objective is to maintain and strengthen its leadership in the specialty fashion market through the promotion of its strong, established trade and brand names and outstanding store locations.

Prospects

With the expectation of reasonably good economic conditions we look forward to increased sales and profits in 1974. The completion of our heavy expansion program will give the company more than 240 stores by next year after which a more moderate rate of openings will enable us to enjoy the benefits of the increasing maturity of newer stores.

The success of your company in establishing itself as Canada's leading fashion merchandiser can only be maintained through the long and diligent efforts of all its many people. Your directors extend to them sincere thanks for their continuing support.

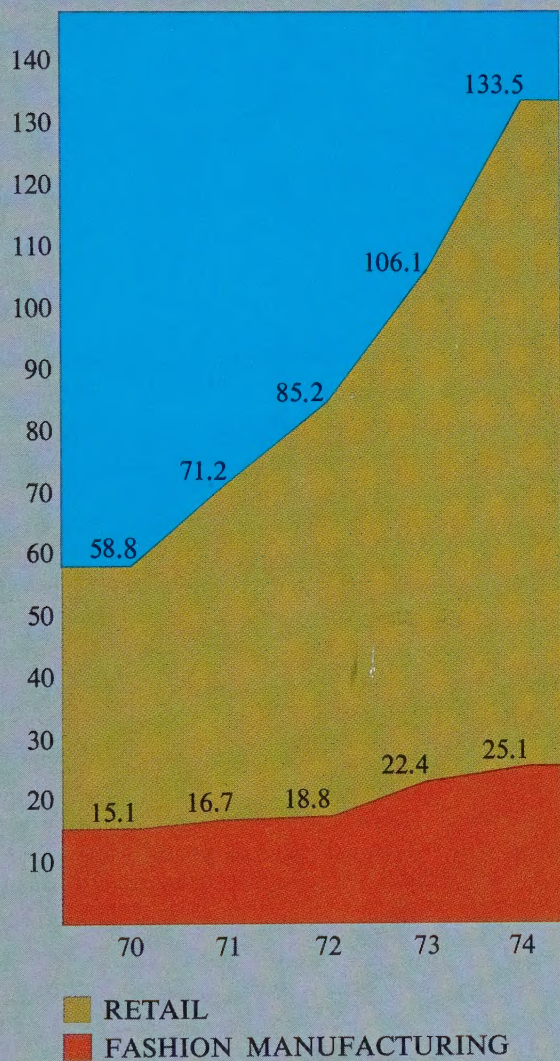
Toronto
April 30, 1974

J. F. Kay, President

GROUP SALES (1)
(millions of \$)

(Excluding Modern Home Products divested February 5, 1973 and excluding inter-group sales.)

(1) For the years ended Saturday closest to January 31 of each year.



DYLEX

Your company is building a strong franchise in the country's regional shopping centres. These marketplaces are a major force in merchandising today and critical to attaining our long range growth objectives.

1973 was a major year of expansion for the retail group and it completed the year with 195 stores from St. John's, Nfld. to Victoria, B.C. All Dylex chains participated in the expansion program which saw an increase of close to 50 percent in square feet of selling space.

During the year your company opened with two or more retail stores in major regional shopping centres such as Mic Mac at Dartmouth, Nova Scotia; Square One, Bramalea Civic Centre, Rexdale and Scarborough Town Centre in the greater Toronto area; Eastgate Square in Hamilton; Westmount in London, Ont.; and Bayshore in Ottawa. Substantial expansion took place in western Canada with the addition of three Tip Top and two Fairweather stores in Vancouver at Richmond Centre and Champlain Mall and the acquisition of stores in Winnipeg, Edmonton and Calgary through our Thrifty's division.

Sales in the men's wear divisions rose 15.2 percent to \$40.7 million. Sixteen Tip Top stores were opened and two closed for a net gain of 14 and a year-end total of 80.

Tip Top is seeking a better balance between fashion and price to offset the sharply rising cost of men's wear and to give more recognition to the value factor in merchandise. Greater merchandising awareness is also leading to co-ordinated casual outfits for men as a coming fashion interest in the market. Tip Top plans during the coming year to open 17 new stores in major centres across Canada. The Harry Rosen division

will open its sixth store in the Courtot Centre in Toronto, Ontario.

Sales increased 25 percent to \$38.1 million in the Fashion Council group—Fairweather, Braemar and Big Steel. The expansion program in the past year saw 14 new stores opened, one closed and three Jermaine's stores in Vancouver acquired at year-end and reopened as Fairweather-Jermaine's. The Fashion Council expansion program is intended to strengthen its position in the specialty retail apparel market and 19 new stores will be opened in cities across Canada in 1974.

Family Fair sales increased 11 percent to \$16.6 million. Eight stores were opened in 1973 for a year-end total of 26. Only two openings are planned for 1974. Family Fair will seek to consolidate its identity as a budget-priced family store.

The Thrifty's group of pant and leisure wear stores underwent major expansion, adding 22 new stores to end the year with 32. Thrifty's is operated by Thrifty Riding & Sports Shop Limited in which Dylex has a controlling interest. The acquired western Canada stores were completely remerchandised and refitted as "Thrifty's, A Place for Pants". In 1974 Thrifty's plans additional openings of approximately 11 stores to have a total of 43 stores at year-end. The coming program calls for new stores in Hamilton, St. Catharines, Windsor, Kitchener, Richmond Hill and London.

Last June, Thrifty's moved its Toronto headquarters to a new warehouse location of 35,000 sq. ft., and recently expanded by 6,000 sq. ft.

A good casual wear season contributed to the performance of Town & Country shops, in which Dylex holds a 50-percent interest. Sales of this Ontario-wide women's wear





chain climbed 58 percent both through increases in productivity of existing stores and the opening of new outlets. Seventeen units were opened, including locations in London, Ottawa and Sault Ste. Marie. Six are planned for 1974.

Demand for our fashion manufacturing products was strong and sales increased 14 percent to \$27.1 million.

In 1973 the company's interests in men's wear manufacturing expanded by the acquisition of a one-third interest in the Forsyth shirt company and its Mylord subsidiary. This group manufactures under the Donegal and Fruit of the Loom labels in addition to the well known Forsyth brand. Manufacturing plants are located in Kitchener-Waterloo, Toronto, Montreal and St. Jean, Que.

Continuing progress by the Manchester division resulted in the establishment of a new children's coat manufacturing plant at Colebrook, New Hampshire. The setting up of this facility will mean greater penetration of the large children's outerwear market available in the United States.

Growing requirements of the Tip Top stores and the great success of the Johnny Carson line with our outside dealers, has necessitated increased production of suits and sport coats in Canadian Clothiers. Internal growth of our own retail stores will probably require further expansion of this division and additional manufacturing facilities are under consideration at the moment.

National Knitting has gained a sound market position for its fashion knitwear for women and children. One of the few knitwear manufacturers fully integrated back to the spinning process, the division holds a strong advantage over competitors

faced with tight materials supplies.

Nu-Mode Dress division reported further sales and profit increases. Widely regarded for its fashion leadership, the division is a vital segment of our fashion manufacturing group.



DYLEX LIMITED and Subsidiary Companies

Consolidated Statement of Earnings

	February 2, 1974	February 3, 1973	February 3, 1973
	(Continuing operations—note 3)		
	(Thousands of dollars)		
Net Sales (note 9)	<u>\$133,527</u>	<u>\$106,081</u>	<u>\$136,772</u>
Earnings from operations before the following charges	<u>\$ 10,958</u>	<u>\$ 9,370</u>	<u>\$ 12,637</u>
Depreciation (note 1 e)	1,555	1,195	1,577
Amortization of deferred charges	109	106	148
Interest on long-term debt	394	468	479
Other interest	413	282	829
Earnings before income taxes	<u>8,487</u>	<u>7,319</u>	<u>9,604</u>
Income taxes	<u>3,898</u>	<u>3,620</u>	<u>4,753</u>
	<u>4,589</u>	<u>3,699</u>	<u>4,851</u>
Income from investments (note 1 b)	246	159	159
Minority interest in subsidiary's earnings	(369)	(77)	(77)
Earnings before extraordinary item	<u>4,466</u>	<u>3,781</u>	<u>4,933</u>
Extraordinary item	—	142	142
Net Earnings	<u>\$ 4,466</u>	<u>\$ 3,923</u>	<u>\$ 5,075</u>
Earnings per Share			
Before extraordinary item	\$0.77	\$0.65	\$0.85
For the year	\$0.77	\$0.67	\$0.87

Consolidated Statement of Retained Earnings

	February 2, 1974	February 3, 1973
	(Thousands of dollars)	
Balance, beginning of year		
As previously reported	\$13,831	\$ 9,169
Write-off of goodwill in year of acquisition (note 1 c)	15,417	14,285
As restated	(1,586)	(5,116)
Net earnings	4,466	5,075
Disposal of goodwill (note 3)	3,541	—
Transfer from appraisal excess (note 1 e)	22	22
	<u>6,443</u>	<u>(19)</u>
Write-off of goodwill purchased in current year (note 1 c)	638	1,132
Dividends—common shares (1974—12¢; 1973—7½¢)	106	68
Dividends—class “A” preference shares (1974—12¢; 1973—7½¢)	593	367
	<u>1,337</u>	<u>1,567</u>
Balance (deficit), end of year	<u>\$ 5,106</u>	<u>(\$ 1,586)</u>

The accompanying notes form an integral part of these financial statements.

DYLEX LIMITED and Subsidiary Companies

Consolidated Statement of Changes in Financial Position

	February 2, 1974	February 3, 1973
	(Thousands of dollars)	
Source of Funds		
Funds from operations		
Net earnings	\$ 4,466	\$ 5,075
Depreciation and amortization	1,664	1,725
Income from investments	(246)	(159)
Change in deferred income taxes	(431)	310
Funds from operations	<u>5,453</u>	<u>6,951</u>
Sale of Home Products Group (note 3)		
Sale price	13,024	—
Net current assets sold	(7,330)	—
Non-current note receivable as part payment	(3,763)	—
	<u>1,931</u>	<u>—</u>
Decrease in investments and advances	413	484
Disposal of fixed assets	302	1,115
Increase in long-term debt	5,496	1,023
Issue of capital stock	—	280
Increase in minority interest	369	77
	<u>13,964</u>	<u>9,930</u>
Use of Funds		
Purchase of equity in Thrifty Riding and Sport Shop Limited		
Purchase price	—	1,500
Net current assets acquired	—	(419)
	<u>—</u>	<u>1,081</u>
Fixed assets	3,055	3,483
Deferred charges	211	132
Investments and advances (note 2)	1,157	513
Reduction of long-term debt	2,357	3,058
Dividends	699	435
Goodwill (note 2)	638	(33)
	<u>8,117</u>	<u>8,669</u>
Increase in working capital	5,847	1,261
Working capital, beginning of year	12,001	10,740
Working capital, end of year	<u>\$17,848</u>	<u>\$12,001</u>

The accompanying notes form an integral part of these financial statements.

Auditors' Report

To the shareholders of Dylex Limited,

We have examined the consolidated balance sheet of Dylex Limited and its subsidiaries as at February 2, 1974, and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at February 2, 1974, and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, as restated (notes 1 a and 1 c).

Toronto, Canada,
March 29, 1974.

WM. EISENBERG & CO.
Chartered Accountants

DYLEX LIMITED and Subsidiary Companies

Consolidated Balance Sheet

Assets

	February 2, 1974	February 3, 1973
	(Thousands of dollars)	
Current		
Cash and short term deposits	\$ —	\$ 179
Accounts receivable	13,142	16,231
Inventories (note 1 d)	31,154	26,345
Prepaid expenses	1,399	880
Note and other investments due within one year	394	231
	<u>46,089</u>	<u>43,866</u>
Investments and Advances		
Investment in associate companies (note 1 b)	2,413	1,060
Note and other investments (note 3)	3,677	293
Advances—key employee stock plan (note 4)	935	978
	<u>7,025</u>	<u>2,331</u>
Fixed (note 1 e)		
Land	1,213	1,304
Buildings	3,687	4,285
Equipment and leasehold improvements	17,924	19,362
	<u>22,824</u>	<u>24,951</u>
Accumulated depreciation	(9,227)	(9,626)
	<u>13,597</u>	<u>15,325</u>
Other		
Deferred charges at cost less amortization	227	191
	<u>227</u>	<u>191</u>
	<u>\$66,938</u>	<u>\$61,713</u>

The accompanying notes form an integral part of these financial statements.

Liabilities

	February 2, 1974	February 3, 1973
	(Thousands of dollars)	
Current		
Bank indebtedness (note 5)	\$ 3,589	\$ 4,706
Accounts payable and accrued	19,205	15,051
Long-term debt due within one year (note 7)	1,981	2,148
Income and other taxes payable	1,678	5,615
Notes payable (note 6)	1,788	4,345
	<u>28,241</u>	<u>31,865</u>
Long-term		
Notes and mortgages payable (note 7)	6,546	4,120
Bank loan—key employee stock plan (note 4)	935	978
	<u>7,481</u>	<u>5,098</u>
Deferred Income Taxes	<u>436</u>	<u>1,009</u>
Minority Interest	<u>846</u>	<u>477</u>

Shareholders' Equity**Capital Stock (note 8)**

Authorized

6,000,000 Common shares, without par value

20,000,000 Class "A", participating preference
shares, without par value1,000 Class "B", non-participating preference
shares, without par value

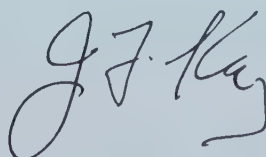
Issued

874,047 Common shares (1973—887,070) 1,839 1,866

4,951,519 Class "A" shares (1973—4,938,496) 21,244 21,217

Excess of appraised value of fixed assets over cost (note 1 e) 1,745 1,767

Retained earnings (deficit) 5,106 (1,586)

29,934 23,264\$66,938 \$61,713

J. F. Kay, Director



W. Posluns, Director

Approved on behalf of the board

DYLEX LIMITED and Subsidiary Companies
(Excluding Finance Subsidiary) (note 1 a)

Consolidated Balance Sheet

Assets

	February 2, 1974	February 3, 1973
	(Thousands of dollars)	
Current		
Cash	\$ —	\$ 179
Accounts receivable	8,284	11,468
Inventories (note 1 d)	31,154	26,345
Prepaid expenses	1,230	814
	<u>40,668</u>	<u>38,806</u>
Investments and Advances		
Investment in non-consolidated subsidiary	4,125	282
Investment in associate companies (note 1 b)	2,413	1,060
Other investments	74	59
Advances—key employee stock plan (note 4)	935	978
	<u>7,547</u>	<u>2,379</u>
Fixed (note 1 e)		
Land	1,213	1,304
Buildings	3,687	4,285
Equipment and leasehold improvements	15,540	17,672
	<u>20,440</u>	<u>23,261</u>
Accumulated depreciation	(9,214)	(9,617)
	<u>11,226</u>	<u>13,644</u>
Other		
Deferred charges at cost less amortization	227	191
	<u>227</u>	<u>191</u>
	<u>\$59,668</u>	<u>\$55,020</u>

The accompanying notes form an integral part of these financial statements.

Liabilities

	February 2, 1974	February 3, 1973
	(Thousands of dollars)	
Current		
Bank indebtedness (note 5)	\$ 1,089	\$ 3,006
Accounts payable and accrued	19,536	15,369
Long-term debt due within one year	1,714	1,909
Income and other taxes payable	1,699	5,627
	<u>24,038</u>	<u>25,911</u>
Long-term		
Notes and mortgages payable	3,684	3,641
Bank loan—key employee stock plan (note 4)	935	978
	<u>4,619</u>	<u>4,619</u>
Deferred Income Taxes	<u>231</u>	<u>749</u>
Minority Interest	<u>846</u>	<u>477</u>

Shareholders' Equity**Capital Stock (note 8)**

Authorized

6,000,000 Common shares, without par value

20,000,000 Class "A", participating preference
shares, without par value1,000 Class "B", non-participating preference
shares, without par value

Issued

874,047 Common shares (1973—887,070)

4,951,519 Class "A" shares (1973—4,938,496)

Excess of appraised value of fixed assets over cost (note 1 e)

Retained earnings (deficit)

1,839	1,866
21,244	21,217
1,745	1,767
5,106	(1,586)
<u>29,934</u>	<u>23,264</u>
<u>\$59,668</u>	<u>\$55,020</u>

DYLEX LIMITED and Subsidiary Companies

Notes to Consolidated Financial Statements

as at February 2, 1974

1. ACCOUNTING POLICIES

a. Principles of consolidation

The consolidated financial statements include the accounts of the following subsidiaries and divisions of Dylex Limited:

Retail	Fashion Manufacturing
Divisions:	
Tip Top Tailors	Posluns Sportswear
Family Fair	Manchester Children's Wear
Subsidiaries:	
Canadian Clothiers Corporation Limited	Bradford Spinners Limited
Dylex Acceptance Corporation Limited	Nu-Mode Dress Company (a division of Fairweather Inc.)
Fairweather Inc.	Manchester Manufacturing Inc.
Family Fair Inc.	National Knitting Mills Company Limited
Fashion Council Limited	
Harry Rosen Men's Wear Limited	
Jermaine's (1948) Limited (note 2)	
Jermaine's (Oakridge) Limited (note 2)	
Thrifty Riding & Sport Shop Limited	
The Place for Pants Limited (a subsidiary of Thrifty Riding & Sport Shop Limited)	
(note 2)	

The accounts of Dylex Acceptance Corporation Limited are consolidated in the current fiscal year. Previously, these accounts were not consolidated due to the different nature of this subsidiary's business. For comparative purposes, 1973 financial statements have been restated.

A consolidated balance sheet as at February 2, 1974, excluding Dylex Acceptance Corporation Limited, the finance subsidiary, has been presented as additional information.

b. Investments in associate companies

The following include all companies where 50% or less of the outstanding common shares are owned by the company. The investment is initially recorded at cost and adjusted annually to reflect the company's share of earnings and dividends:

Brody's Town & Country (1967) Limited
 The Shoe Shoppe Limited (formerly In-Steppe Shoe Shoppes Limited)
 Drug World Limited
 Forsyth Trading Company Limited and subsidiaries (note 2)
 St. Jean-Forsyth Company Limited
 Mylord Shirt Manufacturing Company Limited
 Bluestone Shirt Manufacturing Company Limited

c. Goodwill

The Canadian Institute of Chartered Accountants has recently recommended that goodwill on all acquisitions after April 1, 1974, be amortized to income by the straight line method over the estimated life of such goodwill for a period not exceeding 40 years.

For goodwill acquired prior to April 1, 1974, the policy of the company was to leave the goodwill as an asset on the balance sheet, as long as its value was not impaired. In order to avoid confusion in the future, and to avoid conflicting policies, the company has changed its policy to retroactively write off goodwill to retained earnings in the year of acquisition.

d. Inventories

Retail store inventories are valued at the lower of cost and net realizable value, less normal profit margins. Fashion manufacturing inventories are priced at the lower of cost and net realizable value.

Total inventories are comprised of the following:

Retail	\$25,981,000
Fashion Manufacturing	<u>5,173,000</u>
	<u>\$31,154,000</u>

e. Fixed assets and depreciation

Fixed assets are recorded at cost, except for the company's property at 637 Lakeshore Boulevard West, Toronto, which is at 1967 appraised value. The appraisal excess applicable to this building is being transferred to retained earnings in amounts equal to the realization of appreciation through depreciation provisions of \$22,000 annually.

Depreciation is designed to amortize the fixed assets over their estimated useful lives at the following rates:

Buildings	2½%
Equipment and leasehold improvements	10% to 20%
Automotive	25%

2. ACQUISITIONS

During the year, the company acquired the following companies, accounted for by the purchase method:

	<u>Net Assets</u>	<u>Goodwill (note 1 c)</u>	<u>Consideration</u>
Jermaine's (1948) Limited and Jermaine's (Oakridge) Limited (note 1 a) —acquired as of December 31, 1973, for cash	\$439,000	\$ 75,000	\$ 514,000
The Place for Pants Limited (note 1 a) (a subsidiary of Thrifty Riding & Sport Shop Limited) —acquired August 10, 1973, for cash and promissory note of \$625,000 (note 7)	148,000	563,000	711,000
Forsyth Trading Company Limited and subsidiaries (note 1 b) —acquired August 15, 1973 for cash and an undertaking to subscribe for \$1,000,000 of preference shares	7,000	—	7,000
	<u>\$594,000</u>	<u>\$638,000</u>	<u>\$1,232,000</u>

3. HOME PRODUCTS GROUP

On February 5, 1973, the company transferred all of the subsidiaries and divisions in the Home Products Group and their respective indebtedness to Dylex Limited to Strathearn House Group Limited at a price equal to their cost to Dylex Limited of \$13,024,000. Dylex Limited received \$9,124,000 in cash and a 7% unsecured note for \$3,900,000, repayable in equal monthly instalments for 10 years, based on 15 year amortization, with the balance due at the end of the tenth year. The Home Products Group consisted of the following subsidiaries and divisions:

Ackripak Limited	Roti-Wood Products (Fergus) Limited
Cadillac Building Products (Division)	Singer Lighting Company (Division)
Emanuel Products Limited	Troister & Company Limited

A consolidated statement of earnings, excluding the Home Products Group (as listed above) for the year ended February 3, 1973, has been presented for comparative purposes.

4. KEY EMPLOYEE STOCK PLAN

150,000 common shares and 650,000 class "A", participating preference shares have been allocated to the trustees of the company's key employee stock plan to be issued at a price not exceeding a 15% discount from market at the time of allotment. As at February 2, 1974, 150,000 common shares and 538,566 class "A", participating preference shares have been issued (note 8). To facilitate the purchase of these shares by key employees, the company has provided \$935,000 as at February 2, 1974, to the trustees of the plan, to be repaid over a period not exceeding ten years.

5. BANK INDEBTEDNESS

This amount is secured by a pledge of book debts and inventories.

DYLEX LIMITED and Subsidiary Companies

6. NOTES PAYABLE

This amount includes approximately \$1,500,000 due to directors and officers of the company.

7. LONG-TERM DEBT

	1974	1973
Bank term loan (note 5)	\$2,000,000	\$ —
Convertible debenture, non-interest bearing, secured, due July 2, 1974, convertible prior to maturity into 100,000 class "A" preference shares (note 8)	1,500,000	1,500,000
8% Promissory notes, secured by a mortgage, due March 1, 1979	—	643,000
Promissory notes, non-interest bearing, due December 1, 1980 (note 2)	625,000	—
Finance company notes, secured by chattel mortgages	1,129,000	717,000
10% First mortgage on building, due October 15, 1978	1,630,000	1,680,000
9½% First mortgage on building, due December 1, 1997	643,000	649,000
Other, principally landlord loans	1,000,000	1,079,000
	8,527,000	6,268,000
Due within one year	1,981,000	2,148,000
TOTAL LONG-TERM DEBT	\$6,546,000	\$4,120,000

8. CAPITAL STOCK

The common shares are convertible into class "A", participating preference shares on a one-for-one basis. During the year, 13,023 common shares were converted. Reference is also made to notes 4 and 7.

9. SEGMENT SALES

	1974	1973
Continuing operations (note 1 a)		
Retail	\$108,418,000	\$ 83,634,000
Fashion manufacturing	25,109,000	22,447,000
	133,527,000	106,081,000
Discontinued operations		
Home Products Group (note 3)	—	30,691,000
	\$133,527,000	\$136,772,000

10. REMUNERATION OF DIRECTORS AND OFFICERS

The following statutory information is stated in compliance with the Canada Corporation Act and the Securities Act (Ontario):

	Number			Remuneration	
	Directors	Officers	Directors also Officers	Directors	Officers
Dylex Limited	20	17	13	\$3,000	\$1,980,000

11. LEASE COMMITMENT

Aggregate minimum rentals of equipment and properties (exclusive of additional rentals based on percentage of sales and occupancy charges) are as follows:

Year ended February 1, 1975	\$ 7,100,000
The next 4 years	26,885,000
From January, 1979 to March 31, 1999	59,280,000
	\$93,265,000

12. CONTINGENT LIABILITIES

Guarantees of associate companies' indebtedness—\$3,010,000.

DYLEX LIMITED and Subsidiary Companies**Statistical Review** (1) (in thousands of dollars)

	GROUP RESULTS				
	1974	1973	1972	1971	1970
Continuing Operations (2)					
Sales: Retail	107,446	86,142	69,583	56,547	46,877
Fashion Manufacturing	27,124	23,688	20,481	17,803	15,927
Other	973	866	—	—	—
Less: Prior to acquisition	—	(3,374)	(3,330)	(2,142)	(3,227)
Inter-Group	(2,016)	(1,241)	(1,582)	(1,045)	(783)
	133,527	106,081	85,152	71,163	58,794
Earnings before extraordinary items	4,466	3,781	2,333	408	275
Net earnings	4,466	3,923	2,433	710	382
Per Share Results (2)					
Earnings before extraordinary items	\$0.77	\$0.65	\$0.40	\$0.07	\$0.05
Net earnings	\$0.77	\$0.67	\$0.42	\$0.12	\$0.07
Book value per share (3)	\$5.14	\$4.00	\$3.37	\$2.92	\$2.75
Average shares outstanding (thousands)	5,826	5,803	5,786	5,694	5,786
Financial Position					
Working capital	\$17,848	\$12,001	\$11,432	\$ 9,859	\$10,019
Fixed assets	\$13,597	\$15,325	\$12,836	\$13,151	\$11,149
Shareholders' equity (3)	\$29,934	\$23,264	\$19,476	\$16,845	\$15,915
Number of Shareholders	2,743	2,693	2,680	2,337	2,169
	RETAIL RESULTS				
	1974	1973	1972	1971	1970
Sales: Women's	\$ 38,136	\$30,629	\$24,918	\$18,387	\$16,337
Men's	40,677	35,326	28,450	24,432	21,021
Family	28,633	20,187	16,215	13,728	9,519
	\$107,446	\$86,142	\$69,583	\$56,547	\$46,877
Number of stores	195	134	122	112	119
Store space end of year (000's sq. ft.)	1,252	851	771	707	633
Average store space during year (000's sq. ft.)	1,038	796	751	645	585
Sales per square foot (4)					
Women's	\$111	\$112	\$ 93	\$ 78	\$ 64
Men's	\$125	\$128	\$106	\$ 96	\$ 87
Family	\$ 70	\$ 76	\$ 67	\$ 59	\$ 48
Total group	\$101	\$105	\$ 90	\$ 81	\$ 69

(1) For the years ended Saturday closest to January 31, of each year.

(2) Results for 1973 and prior exclude the Modern Home Products group divested February 5, 1973. Common costs have been allocated on the basis of net sales. Interest expense has been allocated based on inter-group advances. Results of Dylex Acceptance are included in consolidated form beginning in 1973.

(3) 1973 and prior results have been restated to reflect the write off of goodwill.

(4) Based on average gross square footage in use during the year and excluding outside sales of Canadian Clothiers, a manufacturer whose operations are interdependent with the men's retail division. All years restated to include Thrifty's as part of Family segment.

Dylex

Retail Store Locations

	Tip Top	Fairweather	Family Fair	Harry Rosen	Thrifty's
British Columbia	10	8			
Vancouver	8	8			
Victoria	2				
Alberta	10	3			6
Calgary	4	1			1
Edmonton	5	2			5
Lethbridge	1				
Saskatchewan	2	1			
Regina	1				
Saskatoon	1	1			
Manitoba	4	1			6
Winnipeg	4	1			6
Ontario	35	31	26	5	20
Barrie					1
Belleville			1		
Brantford	1		1		
Brampton					1
Burlington	1	2	1		
Cambridge	1		1		1
Chatham			1		
Guelph			1		
Hamilton	3	2	2		1
Kingston	1	1	1		
Kitchener/Waterloo	2	1	1		1
London	1	2			1
Oshawa	1	1			
Ottawa	5	4	1		2
Peterborough			1		
Pembroke			1		
St. Catharines	1	2			
Sarnia			1		
Sault Ste. Marie	1	1	1		
Sudbury		1			
Toronto (Metro)	16	13	10	5	12
Welland			1		
Windsor	1	1			
Quebec	12	5			
Montreal (Metro)	7	1			
Quebec City	2	3			
Chicoutimi	1				
Hull	1	1			
Sherbrooke	1				
New Brunswick	2	1			
Saint John	1				
Moncton	1	1			
Nova Scotia	4	2			
Dartmouth	1	1			
Halifax	3	1			
Newfoundland	1				
St. John's	1				
	80	52	26	5	32
					Total: 195

Directors

Kenneth Axelrod
D. W. Casey
J. F. Kay
S. F. Kay
David Korn
Irving Levine
Sydney Loftus
Irving Posluns
Jack Posluns
L. H. Posluns
Wilfred Posluns
Lionel Robins
Harry Rosen
A. A. Sandler
Samuel Shainhouse
S. M. Sigel
W. H. Singer
H. J. Stitt, Q.C.
Henry Zagdanski
A. H. Zaldin, Q.C.

Officers

L. H. Posluns, *Chairman of the Board*
J. F. Kay, *President*
Wilfred Posluns, *Secretary and Treasurer*
Irving Posluns, *Executive Vice-President*
Jack Posluns, *Executive Vice-President*
Kenneth Axelrod, *Vice-President—Manchester Clothing*
Alfred Callegari, *Vice-President—Tip Top*
Gordon Edelstone, *Vice-President—Canadian Clothiers*
Irving Levine, *Vice-President—Fashion Council*
Sydney Loftus, *Vice-President—Dylex Real Estate*
Paul Mancini, *Vice-President—Dylex Apparel*
Lionel Robins, *Vice-President—Fashion Council*
Harry Rosen, *Vice-President—Tip Top*
David Rosenberg, *Vice-President—Tip Top*
A. A. Sandler, *Vice-President—Family Fair*
Samuel Shainhouse, *Vice-President—National Knitting*
Henry Zagdanski, *Vice-President—Nu Mode*

Transfer Agent and Registrar

National Trust Company, Limited

Auditors

Wm. Eisenberg & Co., Chartered Accountants

Bankers

Bank of Montreal

Listed On

Toronto Stock Exchange
Montreal Stock Exchange

Head Office

637 Lake Shore Boulevard West,
Toronto, Canada

